



Commercial TRENDS Boston



2nd Half 2002 Issue 7, Part 2

Department of Neighborhood Development - Policy Development & Research Division - City of Boston - Thomas M. Menino, Mayor

Boston Introduces Free Internet-Based Commercial Real Estate Listing Service to Assist Commercial Property and Small Business Owners

The City of Boston's Department of Neighborhood Development (DND) has introduced a free internet-based listing service for commercial property owners, their agents, business startups, and existing businesses needing to expand or relocate. The Commercial Space for Lease Finder is a convenient, free of charge Internet site that puts entrepreneurs in touch with property owners, brokers or managers who have available space. In addition to street front properties in commercial areas, the Commercial Space for Lease Finder provides exposure for those types of properties that are often difficult to find and lease, such as upper floor back office spaces or basement work and storage areas.

Created by DND's Office of Business Development, the Commercial Space for Lease Finder provides a unique link between property owners, brokers or managers who have available inventory with business owners and entrepreneurs who are seeking commercial/retail space in Boston's neighborhood business districts and commercial thoroughfares.

The Commercial Space for Lease Finder operates through the following means:

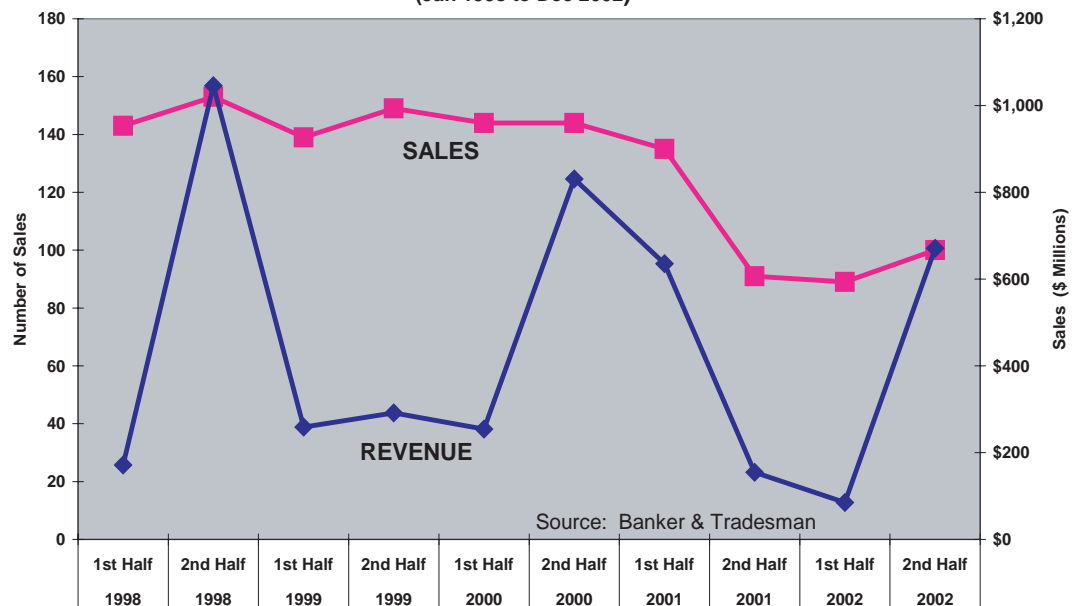
1) Property owners, building

managers, or brokers forward information about available space by completing the form attached to the city's web page.

- 2) Property information includes the address, recommended usage, total area, availability, features and lease rates.
- 3) Contact information includes the name, company, phone, and E-mail address of the listing party.
- 4) Business owners, entrepreneurs, and non-profits scan listings for locations and directly contact the property owner, broker or manager.
- 5) Though the city maintains this electronic bulletin board, it has no role in negotiations.
- 6) Listings will remain on the site for 60 days, at which time property owners, brokers or managers must reconfirm availability.

The Commercial Space for Lease Finder is located on the City of Boston website at:
(http://www.cityofboston.gov/dnd/U_Commercial_Space_For_Lease.asp).

Figure 1: Commercial Building Sales and Revenues
(Jan 1998 to Dec 2002)





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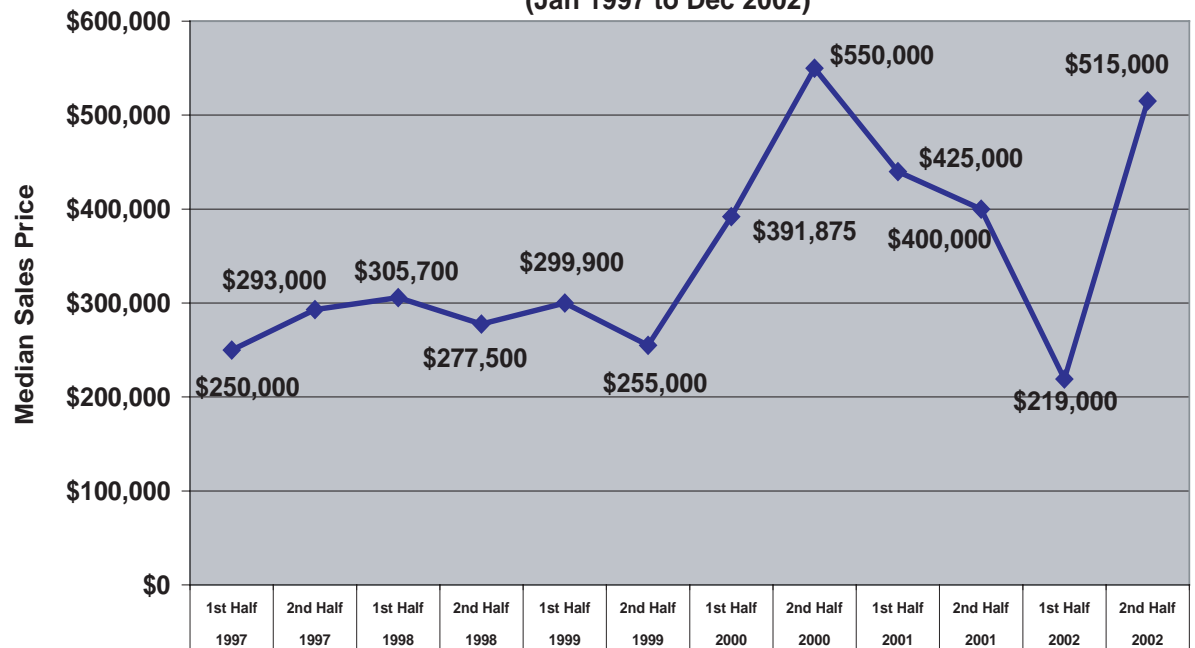
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Commercial Real Estate Market Showing Signs of Life

Hinting that the worst might be behind us, commercial building sales revenues jumped more than six fold in the last half of 2002 (see Figure 1). Sales valued at \$671 million left previous half year totals in the dust, with first half 2002 sales totaling \$85 million and second half 2001 sales adding up to \$155 million. The median sales price for all of Boston's commercial sales was \$515,000, up substantially from the previous half year result of \$219,000 (see Figure 2).

Nevertheless, it may be too soon to celebrate. For well over a year, an abundance of capital has been searching for a home. Big investors are taking advantage of the soft market and the need for some corporations to improve their balance sheets by selling their property. Not surprisingly, big sales that pumped up half year results occurred in the Central Business District, with only four properties accounting for 85.4% (\$573 million) of total second half 2002 Boston sales revenue. The top ten sales account for nearly 91% of total sales value.

Figure 2: Median Sales Price - Commercial Sales
(Jan 1997 to Dec 2002)



Semi Annual by Year

Source: Banker & Tradesman

Typically, Commercial Trends Boston designates downtown properties as those in the sections of Fenway/Kenmore, Central Business District, the South End, and Back Bay/Beacon Hill. In the second half of last year, there were 21 sales with a value of \$597 million or 89% of the overall Boston commercial market. The median sales price was \$1.7 million. Downtown sales of 2.35 million square feet averaged to \$254/square foot. Concurrently, these 21 sales constitute only 21% of total Boston transactions. 15 of these 21 sales were for properties utilized by the Financial/Insurance/Real Estate (FIR) business category. The FIR category is dominant, scoring \$594 million of total downtown sales.



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Many more properties change hands in the neighborhoods, which are identified in Table 1: Neighborhood Roundup. Second half 2002 sales of 79 properties returned \$73.73 million. The median sales price for the neighborhoods was \$460,000. A total of 803,134 square feet averaged a selling price of \$91.80/square foot. In contrast to downtown, where sales of "tower" buildings result mostly in changes in ownership and management, sales of neighborhood buildings can produce profound changes. The target in Boston neighborhoods is often the land, signifying a new developmental frontier.

For example, during this period, a building in Dorchester with 144 square feet sold for \$487,000, or

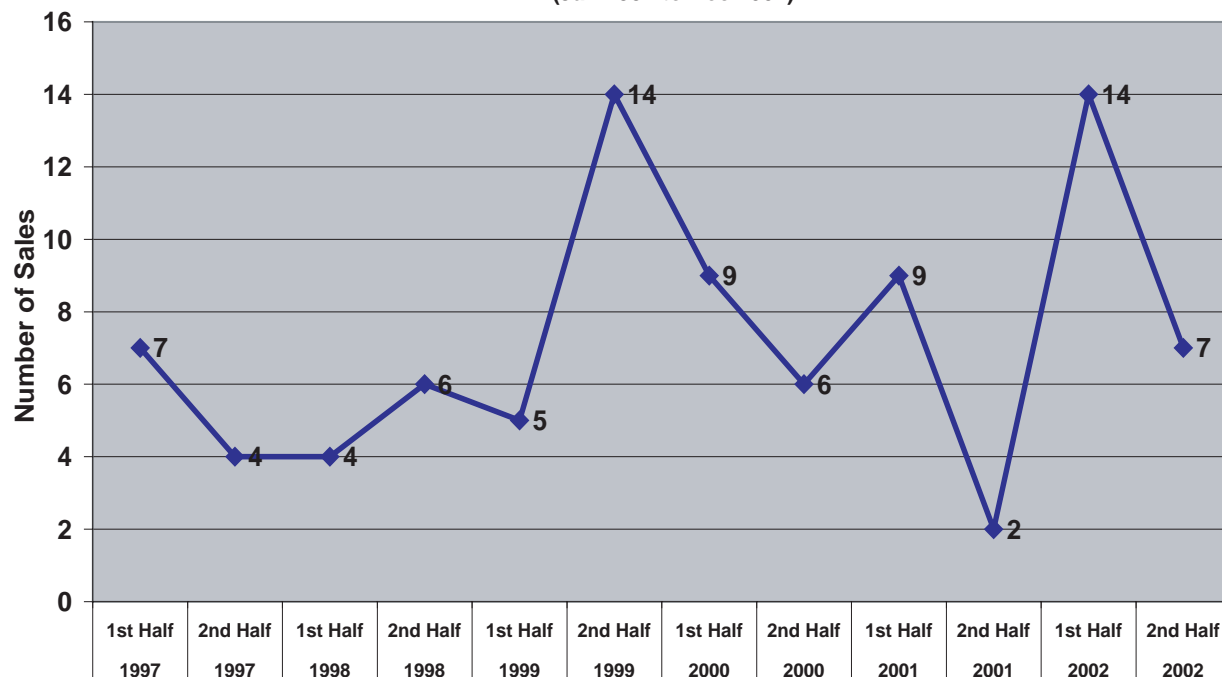
a whopping \$3,382/s.f. Not surprisingly, the parcel featured 20,140 square feet of land, providing motivation for the purchase. The increasing value of neighborhood commercial properties cannot be ignored. During the second half, buildings in Dorchester and Roxbury sold for \$10.5 million and \$10.1 million respectively.

Vacant Commercial Land

Seven commercially zoned vacant parcels sold during the last half of 2002, valued at \$1.92 million (see Figure 3). Due to significant downtown density, it is understandable that vacant land sales occur mostly in the neighborhoods. The seven sales were distributed amongst the neighborhoods of Roxbury

Figure 3: Vacant Commercial Land Sales

(Jan 1997 to Dec 2002)



Semi Annual by Year

Source: Banker & Tradesman



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(3), Dorchester, East Boston, Mattapan, and West Roxbury. The total 40,456 square feet sold at an average of \$47.46/s.f.

Rounding out the commercial sales overview for the second half of 2002, three parking lots sold, all in the neighborhoods: Dorchester, Jamaica Plain, and Roxbury. A total of 16,475 square feet sold for \$975,000.

Neighborhood Sales Scorecard

When you separate out the downtown "mega-deals", it becomes more apparent that the commercial

real estate market has yet to stage a full-fledged recovery (See Table 1). While 79 second half sales of \$73.7 million is an improvement over the previous period's 76 sales worth \$48 million, these results pale in comparison to the neighborhood sales performance during the boom years. In the second half of 2000, for example, 109 properties sold for \$166.8 million.

In the second half of 2002, the highest cumulative sales tallies occurred in Roxbury (\$23.1 million) and Dorchester (\$20.8 million). Compared to the first half of the year, more sales occurred in four neighborhoods, while fewer sales occurred in five neighborhoods.

Table 1: Neighborhood Roundup

Allston/Brighton	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half	Mattapan	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half
Median Price	\$950,000	\$905,000	\$550,000	\$605,000	Median Price	\$180,000		\$274,500	\$800,000
Highest	\$9,380,000	\$4,400,000	\$2,955,832	\$1,500,000	Highest	\$279,500	\$1,000,000	\$2,950,000	\$2,320,000
Total Revenue	\$30,261,614	\$7,575,000	\$11,500,832	\$6,455,000	Total Revenue	\$631,500	\$1,504,000	\$4,005,000	\$5,678,000
Total Sales	14	5	12	9	Total Sales	3	2	6	5
Charlestown	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half	Roslindale	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half
Median Price	\$342,500				Median Price	\$425,000	\$257,500		\$357,500
Highest	\$564,000	\$750,000			Highest	\$550,000	\$400,000		\$500,000
Total Revenue	\$1,439,500	\$1,002,000		\$4,555,000	Total Revenue	\$1,275,000	\$1,125,000		\$1,415,000
Total Sales	4	2	0	1	Total Sales	3	4	0	4
Dorchester	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half	Roxbury	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half
Median Price	\$185,000	\$410,000	\$306,500	\$425,000	Median Price	\$202,000	\$342,000	\$420,000	\$420,000
Highest	\$2,300,000	\$2,290,000	\$3,550,000	\$10,500,000	Highest	\$2,300,000	\$38,150,000	\$1,125,000	\$10,109,733
Total Revenue	\$4,027,000	\$9,502,000	\$9,768,400	\$20,839,500	Total Revenue	\$6,899,920	\$41,407,050	\$3,314,000	\$23,129,123
Total Sales	10	12	16	19	Total Sales	16	10	6	19
East Boston	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half	South Boston	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half
Median Price	\$291,500	\$289,555	\$274,000	\$397,500	Median Price	\$330,000	\$492,500	\$563,250	\$566,500
Highest	\$13,750,000	\$2,200,000	\$610,000	\$500,000	Highest	\$5,065,000	\$11,500,000	\$900,000	\$1,548,000
Total Revenue	\$15,603,000	\$5,746,015	\$3,289,500	\$2,650,000	Total Revenue	\$11,062,500	\$18,966,000	\$4,641,500	\$4,221,000
Total Sales	8	14	12	8	Total Sales	15	10	8	6
Hyde Park	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half	West Roxbury	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half
Median Price	\$204,000	\$302,500	\$385,000		Median Price	\$900,000		\$215,000	
Highest	\$900,000	\$1,500,000	\$4,670,719	\$640,000	Highest	\$2,500,000	\$375,000	\$250,000	\$931,000
Total Revenue	\$1,778,740	\$2,735,000	\$9,967,694	\$915,000	Total Revenue	\$3,740,000	\$565,000	\$430,000	\$1,381,000
Total Sales	6	6	10	2	Total Sales	3	2	2	2
Jamaica Plain	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half	TOTALS	01 1st Half	01 2nd Half	02 1st Half	02 2nd Half
Median Price	\$700,000		\$322,000	\$517,500	Total Revenue	\$83,958,774	\$90,976,565	\$48,260,926	\$73,728,623
Highest	\$5,100,000	\$650,000	\$425,000	\$1,200,000	Total Sales	87	69	76	79
Total Revenue	\$7,240,000	\$849,500	\$1,344,000	\$2,490,000					
Total Sales	5	2	4	4					

Source: Banker & Tradesman